

EMMSAD Case Description

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Case Study Description

Company

Hung Cha is a tea trading company selling high quality tea and tea specialties to customers in the Rhein/Main metropolitan area. The company sells standard tea (black, green, Oolong) as well as rare kinds of teas and tea specialties. Their offering is quite unique in the area and provided via two sales channels: Hung Cha is maintaining 12 signature shops in and around Frankfurt. Furthermore, they directly deliver to large customers within a 50-kilometer radius, like restaurants and cafes. Hung Cha is procuring their goods from various distributors in Germany as well as directly from selected manufacturers in China. Especially the import of tea from China requires special care with respect to transportation and customs. Communication is usually done via phone (manufacturer) and email (forwarding company). The forwarder is usually responsible for the transportation and related paperwork (e.g. transportation and customs-related documents).

Strategy The company follows a quality leader strategy and mainly offers high-priced products. Margin is quite high in this segment, so that the company can focus on maintaining a high-quality standard for its customers. The company also has high training standards for their staff in the signature shops. Staff members need to have a solid knowledge in tea and needs to consult customers as they are buying exclusive kinds of tea.

Customer Segments Hung Cha currently provides its products to private customers who enjoy exclusive tea. These customers expect high quality standards, profound explanations and are willing to pay a high but reasonable price.

The customer base also includes several restaurants and cafes. Those corporate customers are aiming at offering exclusive specialties to their guests. Corporate customers may pickup large orders in one of Hung Cha's shops, but they can also request a direct delivery.

Organization Hung Cha started with one shop in downtown Frankfurt and was growing over time by opening additional shops. Central functions are still

located in the first office:

- Procurement: ordering tea from distributors or manufacturers
- Product management: selecting new products and ensuring quality
- Warehousing: storing deliveries until stock is required in the shops
- Distribution: delivering stock to signature shops and corporate customers
- There are further functions for
 - Human resources
 - Financial management
 - Information management

Situation

The current pandemic situation was a shock for Hung Cha! It causes several challenges for the company as the sales channels were subject to a lockdown and imports from China were hampered by increased transportation charges:

- A Shops needed to be closed frequently due to lockdown measures for controlling the pandemic
- B Corporate customers were also affected by the lockdown and needed to stop doing business
- C Supplies are deferred due to issues in tea production and transportation
- D Tea imports are delayed because of a shortage of transportation capacities on the market

Hung Cha management now needs to reconsider the business model. A first workshop resulted in the decision for an ecommerce strategy covering the following aspects:

1. Web shop: Selling exclusive teas via an online shop
2. Online marketplaces: Selling products on popular marketplaces in Germany
3. Extending the range of tea suppliers (national and international) via an e-procurement platform

Challenges

Changing to an ecommerce strategy implies a couple of significant changes:

1. Hung Cha only runs very few IT systems:
 - A Point-of-Sales (POS) system for sales in the shops, including cash registers
 - B Access database for managing stock (developed by the owner)
 - C The access DB can only be used by one person in procurement
 - D Shops cannot see stock in the central warehouse
 - E Office suite (text processing, spread sheet, presentation)
 - F E-Mail clients using a standard email service
 - G Integrated software suite for HR and Finance
 - H Web site hosted by a web service provider
 - I Customer service does not have access to the warehouse database
 - J Orders of supplies are only maintained by text documents and listed in a spread sheet
2. The organisational structure needs to be adjusted so that it supports
 - A Web shop management and marketplace integration
 - B Order management and fulfilment
 - C E-business integration
3. New capabilities need to be established for Hung Cha and existing ones must be adjusted

You and your team have been hired for developing the future enterprise architecture for Hung Cha. Despite the details provided above, some questions remain open. You need to start understanding the current and future business model of Hung Cha by also conducting interviews with stakeholders.

Task Description

You are expected to create the following artefacts in the course of your project:

1. Business motivation model (drivers, strategy, objectives, KPI)
2. Business object model
3. Business capability map
4. Ideal application landscape based on market research
5. Business support matrix containing all applications (as-is and to-be)

6. To-be application landscape based on ideal landscape, as-is and optimisation

The to-be application landscape (milestone 6) must meet the following requirements:

1. (Electronic) procurement must be supported by a system.
2. Management wants to introduce a Warehouse Management System provided by the same manufacturer as the existing POS system.
3. 30% decrease in run cost compared to the as-is together with the ideal landscape (In fact the assumption is that the ideal landscape has been introduced on top of the as-is applications. Run cost are now too high and need to be reduced by 30%)